

DAMIAN WILLIAMS  
United States Attorney for the  
Southern District of New York  
By: CHARLES S. JACOB  
Assistant United States Attorney  
86 Chambers Street, 3rd Floor  
New York, New York 10007  
Telephone: (212) 637-2725  
Facsimile: (212) 637-2702  
Email: charles.jacob@usdoj.gov

UNITED STATES OF AMERICA *ex rel.* MEHMET  
MUSTAFA KARADAĞ,

Plaintiff,

-against-

LUCHIANO VISCONTI LOUTIE LLC D/B/A  
LUCHIANO VISCONTI, SASHA HOURIZADEH,  
BARSAN GLOBAL LOGISTICS, INC., and TRIWAYS  
LOGISTICS (USA) INC.,

Defendants.

18 Civ. 11228 (PKC)

**COMPLAINT-IN-  
INTERVENTION OF THE  
UNITED STATES OF AMERICA**

**JURY TRIAL DEMANDED**

UNITED STATES OF AMERICA,

Plaintiff-Intervenor,

-against-

LUCHIANO VISCONTI LOUTIE LLC D/B/A  
LUCHIANO VISCONTI, and SASHA HOURIZADEH,

Defendants.

Plaintiff the United States of America, by its attorney, Damian Williams, United States Attorney for the Southern District of New York, files this Complaint-in-Intervention against

defendants Luchiano Visconti Loutie LLC d/b/a Luchiano Visconti (“Luchiano Visconti”) and Sasha Hourizadeh (“Hourizadeh”) (together, “Defendants”), alleging as follows:

### **PRELIMINARY STATEMENT**

1. The Government brings this civil fraud action against Luchiano Visconti and Hourizadeh under the False Claims Act, 31 U.S.C. § 3729 *et seq.* From December 2013 through August 2019, Luchiano Visconti and Hourizadeh defrauded the United States by materially underreporting to U.S. Customs and Border Protection (“CBP” or “Customs”) the value of imported men’s and boy’s apparel. Defendants knowingly submitted, or caused the submission of, customs entry forms and associated invoices to Customs that contained false valuations of the imported apparel in order to avoid paying customs duties owed.

2. In some cases, Hourizadeh altered commercial invoices issued by a foreign manufacturer so that the invoices reflected lower and false prices. In other instances, a foreign manufacturer transmitted two categories of invoices to Defendants that, together, reflected the actual price paid by Luchiano Visconti for the apparel. Defendants, though, only submitted the first category of invoices and thus substantially understated the actual price of the goods. Further, Luchiano Visconti regularly did not provide its customs brokers with information regarding the amounts that Luchiano Visconti paid to third-party suppliers for fabric that was used in the imported apparel. Defendants knew that their customs brokers would rely on the information and invoices supplied by Defendants when preparing the documents and information to be submitted to Customs.

### **JURISDICTION AND VENUE**

3. This Court has jurisdiction over the claims brought under the False Claims Act pursuant to 31 U.S.C. § 3730(a), and 28 U.S.C. §§ 1331 and 1345.

4. This Court may exercise personal jurisdiction over Defendants pursuant to 31 U.S.C. § 3732(a), which provides for nationwide service of process.

5. Venue is appropriate in this District pursuant to 31 U.S.C. § 3732(a) and 28 U.S.C. § 1391(b) and 1391(c) because a substantial part of the events or omissions giving rise to the claims occurred in this District between December 2013 and August 2019 (the “Relevant Time Period”).

#### **PARTIES**

6. Plaintiff is the United States of America.

7. Relator Mehmet Mustafa Karadağ resides in Turkey. Relator is the general manager of a Turkish business that, among other things, manufactures men’s and boy’s apparel at a factory located in Turkey. Relator’s company supplied men’s and boy’s apparel to Luchiano Visconti. In December 2018, Relator filed an action pursuant to the False Claims Act alleging, among other things, that Defendants falsely underreported the value of the apparel that Luchiano Visconti imported into the United States.

8. Defendant Luchiano Visconti Loutie LLC d/b/a Luchiano Visconti is a Delaware limited liability corporation with its principal place of business in New York. During the Relevant Time Period, Luchiano Visconti maintained an office in Mineola, New York, and, as part of the scheme described in this Complaint, repeatedly provided false information regarding the value of imported apparel to a customs broker that had an office located in New York, New York.

9. Defendant Hourizadeh was a Luchiano Visconti employee during the Relevant Period and was responsible for overseeing the day-to-day operations of the company. His responsibilities included, among other things, ordering apparel from foreign manufacturers and managing the importation of the goods and customs entry issues. Hourizadeh resides in New York.

## FACTUAL ALLEGATIONS

### I. Import Entry Reporting Obligations and Payment of Customs Duties

10. All merchandise imported into the United States is required to be “entered,” unless specifically excepted. 19 C.F.R. § 141.4(a); 19 U.S.C. § 1484. “Entry” means, among other things, that an importer or its agent must file appropriate documents with an officer of Customs that allow the agency to assess the customs duties due on the merchandise being imported into the United States. 19 C.F.R. § 141.0a(a).

11. The documents required to be filed with Customs in order to complete entry include: (i) a bill of lading or air waybill; (ii) a commercial invoice verifying the value of the merchandise being imported; and (iii) CBP Form 7501 (the “entry summary form”) declaring the value of the merchandise and the applicable duty rate. *See, e.g.*, 19 C.F.R. §§ 141.11, 141.19(a), 141.81, 141.86(a), 142.3(a), 142.6(a).

12. Pursuant to 19 U.S.C. § 1484, the entity serving as “importer of record” is responsible for paying the customs duty and using reasonable care in making and providing accurate documentation to Customs that allows the agency to assess the customs duties due on the merchandise. 19 U.S.C. § 1484(a)(1)(B).

13. Generally, the importer of record is required to deposit estimated duties with Customs at the time of entry. 19 U.S.C. § 1505; 19 C.F.R. § 141.101. In most cases, the amount of customs duty owed is equal to the value of the imported merchandise multiplied by the applicable duty rate.

14. The value or approximate value of the imported merchandise must be declared in the commercial invoice and entry summary form. Federal law provides that every importer of

record must file a declaration stating that the values set forth on these documents are accurate. 19 U.S.C. § 1485.

15. The entry summary form includes a declaration that “the statements in the documents herein filed fully disclose to the best of my knowledge and belief the true prices, values, quantities . . . and are true and correct” and that the declarant “will immediately furnish to the appropriate [Customs] officer any information showing a different statement of facts.” CBP Form 7501.

16. Generally, importers of record are required to declare the “transaction value” of the goods, which is the price actually paid or payable for the merchandise plus, if applicable, certain additional costs incurred with respect to the merchandise, including the value of any “assist.” 19 U.S.C. § 1401a(a)(1)(A), (b)(1)(C). “Assists” that must be included in the declared value of the merchandise include, among other things, any “materials, components, parts, and similar items [that are] incorporated in the imported merchandise” that are “supplied directly or indirectly, and free of charge or at reduced cost, by the buyer of imported merchandise for use in connection with the production or the sale for export to the United States of the merchandise.” 19 U.S.C. § 1401(h)(1)(A).

17. Luchiano Visconti, like many other importers of record, uses customs brokers to help clear goods for entry by preparing the entry summary form and other necessary paperwork and calculating taxes and duties. The customs brokers complete the entry summary forms based on the information, including invoices, provided by Luchiano Visconti, which is responsible for the accuracy of the information reported to Customs.

## **II. Luchiano Visconti's Business**

18. Luchiano Visconti designed and imported men's and boy's clothing that was manufactured by foreign companies (the "Foreign Manufacturers") at factories located overseas, including Turkey and China, and subsequently sold by Luchiano Visconti to end customers in the United States, including numerous retailers (the "Menswear"). Luchiano Visconti marketed the Menswear to its customers in the United States under the "Luchiano Visconti" brand.

19. Hourizadeh directed and participated in numerous aspects of Luchiano Visconti's operations. He placed orders with overseas manufacturers. He made payments for those orders by wire from Luchiano Visconti's bank account. He communicated with overseas manufacturers regarding documents to be provided in connection with the entry of shipments of goods into the United States, including by requesting commercial invoices.

20. During the Relevant Time Period, Luchiano Visconti engaged multiple customs brokers to submit information and documentation (including invoices) to Customs in connection with its imports. Hourizadeh provided the customs brokers with the invoices, which purportedly set forth the actual value of the imported goods. The customs brokers used the invoices and other information provided by Defendants to determine the value of the Menswear to declare to Customs and to calculate the amount of the customs duties owed. Defendants knew that the customs brokers would rely on the information and invoices when preparing the entry summaries submitted to Customs.

## **III. Defendants' Scheme to Defraud the United States by Underreporting the Value of the Imported Apparel to Evade the Payment of Customs Duties**

21. Defendants engaged in a deliberate scheme to fraudulently underpay customs duties owed to the Government in connection with the Menswear imported from overseas by causing

false representations to be made concerning the value of the goods on entry summary forms filed with Customs.

**A. Defendants Knowingly Submitted, or Caused the Submission of, Customs Entry Forms and Associated Invoices to Customs that Contained False Valuations of the Imported Menswear**

22. Defendants regularly provided Luchiano Visconti's customs brokers with information and documentation, including commercial invoices, that grossly understated the true value of the imported Menswear and the price actually paid by Luchiano Visconti to the Foreign Manufacturers for the Menswear.

23. In some instances, Hourizadeh personally altered invoices provided by a Foreign Manufacturer so that they reflected a lower and false value. On such occasions, a Foreign Manufacturer emailed a copy of the invoice to Hourizadeh as a Microsoft Excel file. Hourizadeh then altered the Microsoft Excel file so that it reflected a substantially lower total price for the same shipment of goods, and saved the modified file as a new document. The altered new document was virtually identical to the original invoice (*i.e.*, it reflected the same invoice number, description of goods, and quantity of goods) except for the difference in the stated total price for the shipment of goods. Hourizadeh subsequently provided the altered—and false—version of the invoice to Defendants' customs brokers, who then submitted the invoice to Customs and used it to falsely declare the value of the goods to Customs, which resulted in an underpayment of duties owed.

24. Another method used by Defendants to defraud the Government also involved Defendants' knowing submission to Customs of invoices (through their customs brokers) that Defendants knew did not reflect the actual value and price paid for the Menswear. In such instances, a Foreign Manufacturer transmitted two categories of invoices to Defendants that,

together, reflected the actual price paid by Luchiano Visconti for the Menswear. The first category of invoices identified specific quantities and prices for imported apparel. These invoices, in sum, reflected a substantially lower price than what Luchiano Visconti actually paid for the imported goods. The second category of invoices were for services relating to the production of the Menswear, such as “pre-production” services, “patent” services, and “designer” services. In reality, and as reflected in Luchiano Visconti’s own banking records, these invoices generally reflected an additional amount paid by Luchiano Visconti for the same shipment of Menswear. Defendants, however, routinely failed to provide their customs broker with this second category of invoices, which constituted a substantial portion of Luchiano Visconti’s payments for the Menswear. As a result, Defendants, through their customs brokers, filed entry forms with Customs and submitted corresponding commercial invoices that grossly understated the actual value of the Menswear.

25. The extent of this fraudulent scheme is borne out by a review of Luchiano Visconti’s banking records during the Relevant Period. Defendants paid the Foreign Manufacturers far greater amounts for the Menswear than they declared to Customs. For example, during the year 2016, Defendants paid \$1,957,088.94 to a Foreign Manufacturer. During that same year, however, Luchiano Visconti only declared to CBP entered values totaling \$734,312.00 for goods imported from that Foreign Manufacturer. Similarly, for the year 2017, Defendants paid \$669,659.81 to the same Foreign Manufacturer, but Luchiano Visconti only declared to CBP entered values totaling \$205,804.00 for goods imported from that overseas company.

26. Defendants intended and expected that Customs would reasonably rely on the false values stated in the entry summary forms and invoices when assessing and collecting duties on the Menswear, and Customs in fact did rely on this false information.



27. Defendants' knowing fraudulent underreporting of the value of the Menswear and the submission of false invoices that did not reflect the actual value of the goods were material to Customs' assessment and collection of customs duties. Customs determines the duties owed on imported goods based on the reported value of the goods. If Defendants had accurately reported the value of the Menswear, Luchiano Visconti would have been required to pay substantially higher duties on the Menswear imported from Foreign Manufactures.

28. The following examples illustrate how Defendants underreported the value of the imported apparel to avoid paying the legally required customs duties to the United States. These examples represent only a small fraction of the hundreds of fraudulent entry records that Defendants caused to be submitted to CBP in connection with shipments of goods from overseas.

29. ***Defendants' Entry of Goods on February 1, 2016.*** On January 18, 2016, a Foreign Manufacturer's representative emailed Hourizadeh, as an attachment and in a Microsoft Excel format, an invoice associated with a shipment of men's shirts, labeled invoice number 20238. The invoice listed a total quantity of 13,415 shirts and a total price of \$138,307.50. Hourizadeh altered that invoice to reflect a lower and false total price. Specifically, Hourizadeh altered the invoice so that it reflected the false total price of \$58,557. Defendants subsequently provided a copy of the falsified invoice to one of its customs brokers, knowing that the customs broker would rely on the invoice for the declaration of these goods.

30. When the goods were entered into this country on February 1, 2016, Defendants, through Luchiano Visconti's customs broker, declared the significantly lower amount of \$58,557.

31. ***Defendants' Entry of Goods on June 28, 2017.*** On June 8, 2017, a Foreign Manufacturer's representative emailed Luchiano Visconti employees, including Hourizadeh, a copy of an invoice for a shipment of men's shirts, as an attachment and in a "PDF" format. The

invoice, labeled number 1915, listed a total quantity of 14,484 shirts and a total price of \$188,352.50. In response to that email, Hourizadeh replied to the Foreign Manufacturer, stating “I need the CUSTOMS INVOICE in EXCEL FORMAT ASAP. This is VERY URGENT.” The Foreign Manufacturer subsequently emailed Hourizadeh another copy of the same invoice, but this time in a Microsoft Excel format. Hourizadeh then altered that invoice to reflect a false and lower price. Specifically, Hourizadeh altered the invoice so that it reflected a lower and false total price of \$61,526.75. Hourizadeh subsequently sent a copy of this falsified invoice to one of Luchiano Visconti’s customs brokers, knowing that the customs broker would rely on the invoice for the declaration of these goods.

32. When the goods were entered into this country on June 28, 2017, Defendants, through Luchiano Visconti’s customs broker, declared the significantly lower amount of \$61,527.

33. *Defendants’ Entry of Goods on July 15, 2017.* On July 10, 2017, Hourizadeh received, by email and in a Microsoft Excel format, an invoice from a Foreign Manufacturer’s representative for a shipment of men’s shirts. This invoice, labeled as number 1919, listed a total quantity of 11,627 shirts and a total price of \$142,476.50. After receiving the invoice, Hourizadeh altered the Microsoft Excel file so that the invoice reflected a lower and false total price. Specifically, Hourizadeh altered the invoice so that it reflected a false total price of \$51,766. Later that day, Hourizadeh sent a copy of this falsified invoice to one of its customs brokers, knowing that the customs broker would rely on the invoice for the declaration of these goods.

34. When the goods were entered into this country on July 15, 2017, Defendants, through Luchiano Visconti’s customs broker, falsely declared the significantly lower amount of \$51,766.

35. *Defendants' Entry of Goods From May to September 2017.* During the time period from May to September 2017, Defendants also caused their customs brokers to falsely represent on twenty-eight separate entry summary forms the value of shipments of items associated with a specific "program" of Menswear called "Program 37." Luchiano Visconti used the term "program" to refer to a particular season of Menswear, and used the term "Program 37" to refer to the Menswear that was purchased from a specific Turkish Foreign Manufacturer and imported into the United States from May 2017 to September 2017.

36. The Turkish Foreign Manufacturer sent Defendants twenty-eight invoices associated with shipments of Program 37 Menswear, which included men's shirts, boy's shirts, and jackets. Only nineteen of these invoices listed specific quantities and the purported prices of the imported Menswear. In sum, these nineteen invoices reflected a total purported price of \$264,544 (including what was described as "freight costs"). Luchiano Visconti provided its customs brokers with copies of the nineteen invoices, which it knew did not reflect the actual prices paid for the imported merchandise. Using these nineteen invoices, the customs broker subsequently filed twenty-eight separate entry summary forms with Customs (on certain occasions, the customs broker filed multiple entry summary forms for different types of apparel listed on the same invoice).

37. The Turkish Foreign Manufacturer also issued separate invoices to Luchiano Visconti for additional "services" that were allegedly provided by the manufacturer, including "designer" services, "patent" services, and "QC" (i.e., quality control) services, as well as "collection sample services and fees." According to these invoices, Luchiano Visconti paid a total sum of \$554,272 for just these services. Luchiano Visconti did not provide these invoices to its customs brokers.

38. Luchiano Visconti's own banking records, however, reveal that Defendants themselves characterized over \$725,000 in payments to the Foreign Manufacturer as being for the "bulk production" of the Program 37 Menswear, and characterized an additional \$85,000 payment as a "deposit" for Program 37 "sport shirts."

39. When the Program 37 Menswear shipments were entered into this country on the below dates, the entry summary forms submitted to Customs falsely listed the value of the goods as set forth below. The total declared values for these shipments was \$237,837 (the \$264,544 reflected in the subset of nineteen invoices that identified specific quantities and amounts, less the freight costs), rather than the actual value of the goods which, as reflected by Luchiano Visconti's banking records and the invoices for the services the manufacturer purportedly provided in connection with the production of this merchandise, totaled over \$800,000.

<b>Entry Date</b>	<b>Entered Value</b>
05/30/2017	\$22,292.00
06/01/2017	\$20,840.00
06/09/2017	\$14,625.00
06/09/2017	\$11,494.00
06/09/2017	\$2,904.00
06/09/2017	\$1,177.00
06/09/2017	\$946.00
06/09/2017	\$364.00
06/13/2017	\$13,075.00
06/13/2017	\$215.00
06/13/2017	\$25.00
06/29/2017	\$14,096.00
06/29/2017	\$13,247.00
06/29/2017	\$882.00
07/10/2017	\$15,675.00
07/17/2017	\$15,366.00
07/24/2017	\$16,520.00
07/24/2017	\$83.00
08/03/2017	\$14,746.00
08/06/2017	\$7,948.00
08/14/2017	\$11,192.00
08/14/2017	\$8,494.00
08/21/2017	\$8,710.00

08/22/2017	\$6,901.00
08/30/2017	\$2,899.00
09/07/2017	\$2,304.00
09/08/2017	\$4,866.00
09/15/2017	\$5,951.00
<b>Total:</b>	<b>\$237,837.00</b>

**B. Defendants' Failure to Declare "Assists" as Part of the Actual Value of the Goods**

40. On numerous occasions during the Relevant Time Period, Luchiano Visconti also did not include the value of "assists" in the values declared to Customs. Specifically, Defendants engaged fabric suppliers located overseas, including in Italy, to supply fabric to be used by the Foreign Manufacturers in the production of the Menswear. Luchiano Visconti paid these fabric suppliers directly. During the Relevant Time Period, Luchiano Visconti paid over \$680,000 to these fabric suppliers. Luchiano Visconti, however, did not include such amounts in the values declared to Customs when the Menswear was imported into the United States.

\* \* \*

41. Defendants submitted, or caused to be submitted, hundreds of fraudulent entry summary forms and invoices to Customs that grossly underreported the value of the imported Menswear.

**CLAIM FOR RELIEF**

**Violation of the False Claims Act  
31 U.S.C. § 3729(a)(1)(G)  
Reverse False Claims**

42. The Government incorporates by reference each of the preceding paragraphs as if fully set forth in this paragraph.

43. The Government seeks relief against Defendants under Section 3729(a)(1)(G) of the False Claims Act, 31 U.S.C. § 3729(a)(1)(G).

44. As set forth above, Defendants knowingly made, used, or caused to be made or used, false records and/or statements material to an obligation to pay or transmit money or property, in the form of customs duties, to the United States, and knowingly concealed and knowingly and improperly avoided or decreased an obligation to pay or transmit money or property, in the form of customs duties owed, to the United States.

45. The Government incurred losses in the form of customs duties underpaid by Defendants because of their wrongful and fraudulent conduct.

46. By virtue of Defendants' failure to accurately report to Customs the actual value of the imported Menswear and the submission of false invoices and entry summary forms to Customers, the Government suffered damages and therefore is entitled to treble damages under the False Claims Act, to be determined at trial, and a civil penalty as required by law for each violation.

\* \* \*

WHEREFORE, the Government respectfully requests that judgment be entered in its favor and against Defendants as follows:

1. For a sum equal to treble the Government's damages in an amount to be determined at trial, civil penalties to the maximum amount allowed by law, and an award of costs pursuant to 31 U.S.C. § 3729(a); and
2. Such further relief as the Court may deem proper.

Dated: New York, New York  
August 9, 2022

Respectfully submitted,

DAMIAN WILLIAMS  
United States Attorney for the  
Southern District of New York  
*Attorney for the United States of  
America*

By: /s/ Charles S. Jacob  
CHARLES S. JACOB  
Assistant United States Attorney  
86 Chambers Street, 3rd Floor  
New York, New York 10007  
Tel: (212) 637-2725  
Fax: (212) 637-2702  
charles.jacob@usdoj.gov